

眾安在綫財產保險股份有限公司

ZhongAn Online P & C Insurance Co., Ltd.*

*A joint stock limited company incorporated in the People's Republic of China with limited liability
And carrying on business in Hong Kong as "ZA Online Fintech P & C"*

(Stock Code 股份代碼: 6060)

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BOARD OF DIRECTORS

Executive Directors

Yaping Ou (*Chairman of the Board*)
Jin Chen (*Chief Executive Officer*)

Non-Executive Directors

Xinyi Han
Jimmy Chi Ming Lai
Guoping Wang
Xiaoming Hu
Fang Zheng
Hugo Jin Yi Ou

Independent Non-Executive Directors

Shuang Zhang
Hui Chen
Li Du
Yifan Li
Ying Wu

Supervisors

Yuping Wen
Baoyan Gan
Lei Xiang

AUDIT COMMITTEE

Hui Chen (*Chairman*)
Guoping Wang
Yifan Li

RISK MANAGEMENT COMMITTEE

Fang Zheng (*Chairman*)
Xiaoming Hu
Ying Wu

REMUNERATION AND NOMINATION COMMITTEE

Shuang Zhang (*Chairman*)
Yaping Ou
Li Du

INVESTMENT STRATEGY COMMITTEE

Jin Chen (*Chairman*)
Xinyi Han
Jimmy Chi Ming Lai
Hugo Jin Yi Ou

REGISTERED OFFICE, HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

4-5/F, Associate Mission Building
169 Yuanmingyuan Road
Shanghai
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

H SHARE REGISTRAR

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

JOINT COMPANY SECRETARIES

Yongbo Zhang
Ella Wai Yee Wong

AUTHORIZED REPRESENTATIVES

Jin Chen
Ella Wai Yee Wong

LEGAL ADVISORS

As to Hong Kong and U.S. laws:
Skadden, Arps, Slate, Meagher & Flom

As to PRC law:
Grandall Law Firm (Shanghai)

COMPLIANCE ADVISER

Somerley Capital Limited

AUDITORS

PricewaterhouseCoopers
Certified Public Accountants

PRINCIPAL BANKS

ICBC Shanghai Branch Sales Department
CITIC Bank Shanghai Branch Sales Department

LISTING INFORMATION

Stock Code: 6060

COMPANY WEBSITE

www.zhongan.com

I am pleased to present our interim report for the six months ended June 30, 2017 to the Shareholders.

COMPANY OVERVIEW

We are the first and largest online-only Insurtech company in China. Founded in October 2013, we were the first to address and have a leading market position in the fast-growing ecosystem-oriented Insurtech market in China, which extends beyond traditional insurance market. We offer customer-centric products and solutions that address customers' pain points in their daily lives. Leveraging our advanced technologies, we partner with leading companies in different ecosystems in China to develop and offer innovative insurance products through scenario-based settings. We operate in five main ecosystems: lifestyle consumption, consumer finance, health, auto and travel. From our inception to June 30, 2017, we sold over 9.5 billion insurance policies.

We believe our proprietary infrastructure and technologies are critical to our success. We operate our core insurance system on our proprietary cloud-based platform called Wujieshan. Our advanced artificial intelligence capabilities enable us to optimize product features quickly to enhance customer experience and strengthen risk management. We have accumulated extensive user data originating from our large and expanding customer base and third-party data providers. The application of our big data analytics throughout the insurance value chain enhances our results of operations. In July 2016, we incorporated ZhongAn Technology, which focuses on research and development of internet technologies, as well as exporting and monetizing such technology solutions. ZhongAn Technology began to generate revenue in the second quarter of 2017. Revenue generated by ZhongAn Technology in the six months ended June 30, 2017 amounted to RMB2.9 million.

During the first half of 2017, we continued to focus on expanding our operations at scale by connecting with more ecosystem partners and launching more products to cover more customers to drive long-term growth. Our business has experienced significant growth. Our GWP increased by 84.3% from RMB1,351.9 million for the six months ended June 30, 2016 to RMB2,491.9 million for the six months ended June 30, 2017, primarily due to significant growth from health and consumer finance ecosystems. Our net premiums earned increased significantly from RMB1,303.2 million for the six months ended June 30, 2016 to RMB1,960.8 million for the six months ended June 30, 2017, achieving a year-on-year growth rate of 50.5%.

Following successful completion of series A capital raising in 2015, we listed our H Shares on September 28 this year. Going forward, we seek to further grow our insurance business, especially in consumer finance, health and auto ecosystems, through expanding our innovative product portfolio and partnering with more ecosystem partners including long-tail and offline players. We will also strengthen our technology leadership and big data analytics capabilities. Through ZhongAn Technology, we will continue to focus on research and development of internet technologies, as well as exporting and monetizing such technology solutions. Our mission is to redefine insurance through connecting ecosystems and applying cutting-edge technologies. We are devoted to collaborating with vast number of ecosystem partners to create a prosperous future together.

BUSINESS HIGHLIGHTS

Our mission is to redefine insurance by connecting ecosystems and applying cutting-edge technologies. We primarily offer products and solutions in the context of five major ecosystems.

Lifestyle consumption ecosystem

We identify customers' protection needs in both e-commerce and electronic product related consumption scenarios. We provide insurance products to cover risks associated with product quality, logistics and security of transactions in collaboration with e-commerce platforms in China, such as Taobao Marketplace and Weidian. We also partner with leading consumer electronics manufacturers, such as Xiaomi, to provide insurance for accidental damage and repair services for consumer electronic products such as cell phones and other smart devices. For the six months ended June 30, 2017, we recorded GWP of RMB909.1 million, representing 39.0% increase from RMB654.1 million in the six months ended June 30, 2016.

Consumer finance ecosystem

We offer insurance products and solutions, which protect funding providers against default and facilitate consumer borrowing and consumption on internet finance platforms, including Zhaocaibao and Xiaoying. We also serve the consumer financing needs arising from other platforms, including China Telecom and Mogujie. We recorded RMB256.4 million in GWP for the six months ended June 30, 2017, representing 113.9% increase from RMB119.9 million in the six months ended June 30, 2016.

Health ecosystem

We offer insurance products and solutions covering risks of customers incurring healthcare expenses. We also provide value-added services to increase health awareness for our customers. We offer individual health insurance products and group health insurance plans. We partner with hospitals, medical device manufacturers such as Omron, and online healthcare platforms such as We Doctor, online healthcare forums, pharmaceutical companies and distributors. We recorded RMB437.5 million in GWP in the six months ended June 30, 2017, representing 898.5% increase from RMB43.8 million in the six months ended June 30, 2016.

Auto ecosystem

We offer insurance products to protect our customers against vehicle damage, personal injury and death, and vehicle theft and robbery. Since 2015, we jointly launched Baobiao Auto Insurance with Ping An Insurance, our Shareholder and an insurance company in China. As at the Listing Date, we have obtained licenses to underwrite auto insurance in all regions in China. For the six months ended June 30, 2017, we have recorded RMB4.1 million GWP for the auto ecosystem.

Travel ecosystem

We offer insurance products and solutions to our customers, covering various risks arising from travel, such as travel accident, travel delay and travel cancellation. Since 2015, we have partnered with Ctrip to offer our Flight Delay Policy. We have since expanded to partner with major online travel agencies, airlines and offline travel agencies. Our GWP increased by 49.8% from RMB471.0 million in the six months ended June 30, 2016 to RMB705.7 million in the six months ended June 30, 2017.

Looking ahead, we will continue to connect with more ecosystem partners and apply cutting-edge technologies to develop diversified products and services in each of our five ecosystems.

Yaping Ou
Chairman

Hong Kong, September 29, 2017

FINANCIAL OVERVIEW

In the first half of 2017, we continued to take advantage of development opportunities in the PRC Insuretech market. We achieved rapid growth and continued to improve our market share in the PRC Insuretech market by continuing to develop innovative products using cutting-edge technologies and by enhancing our cooperation with our ecosystem partners. In the first half of 2017, the Company's GWP reached RMB2,491.9 million, representing a year-on-year increase of 84.3%. According to the data disclosed by the CIRC, we ranked 21st in the PRC property and casualty insurance market in terms of GWP in the first half of 2017, a significant improvement from our market ranking of 29th in the same period of last year, while further enhancing our leading position among the four online-only insurance companies.

The following table sets forth the comparative figures for the first half of 2017 and 2016:

	Six months ended June 30	
	2017 (in thousands of RMB) (unaudited)	2016 (unaudited)
Gross written premiums	2,491,863	1,351,934
Net premiums earned	1,960,838	1,303,197
Total income	2,292,476	1,203,512
Net loss for the period	(286,777)	(228,263)
Total comprehensive loss for the period	(300,135)	(243,358)
Loss per share		
– Basic (RMB yuan)	(0.23)	(0.18)
– Diluted (RMB yuan)	(0.23)	(0.18)

The following table sets forth our key financial ratios for the first half of 2017 and 2016:

	Six months ended June 30	
	2017 (unaudited)	2016 (unaudited)
Retention ratio ⁽¹⁾	96.3%	99.6%
Loss ratio ⁽²⁾	52.8%	41.0%
Expense ratio ⁽³⁾	76.5%	70.8%
Combined ratio ⁽⁴⁾	129.3%	111.8%
Net investment yield ⁽⁵⁾	3.1%	1.8%
Total investment yield ⁽⁶⁾	3.3%	-1.9%
Return on assets ⁽⁷⁾	-3.1%	-2.7%
Return on equity ⁽⁸⁾	-4.3%	-3.4%
Gearing ratio ⁽⁹⁾	27.5%	23.7%

Notes:

- (1) Retention ratio equals net written premiums, which is gross written premiums less premiums ceded to reinsurer, as a percentage of gross written premiums.
- (2) Loss ratio equals net claims incurred expressed as a percentage of net premiums earned.
- (3) Expense ratio equals insurance operating expenses expressed as a percentage of net premiums earned in the relevant period.
- (4) Combined ratio equals the sum of loss ratio and expense ratio.
- (5) Net investment yield equals the sum of net interest income and dividend income less interest expense relating to securities sold under agreements to repurchase for the period as a percentage of the average of the opening and closing balances of total investment assets of the period.
- (6) Total investment yield equals total investment income (defined as the sum of net investment income and net fair value gains through profit or loss, less interest expense relating to securities sold under agreements to repurchase) for the period as a percentage of the average of the opening and closing balances of total investment assets of the period.
- (7) Return on assets equals profit for the period divided by the average of the opening and closing balances of total assets of the period.
- (8) Return on equity equals profit for the period divided by the average of the opening and closing balances of total equity of the period.
- (9) Gearing ratio is represented by total liabilities (excluding capital supplementary bonds and subordinated term debts) divided by total assets.

FINANCIAL REVIEW

1. Gross Written Premiums

Gross written premiums primarily include premiums written by us on insurance contracts issued or renewed for a given period, without deduction for premiums ceded by us to reinsurers. We currently market and sell eight types of insurance products recognized by the CIRC, including:

- Accident insurance, including products such as Flight Accident and Delay Policy (“航意航延險”) and Train Accident Policy (“火車意外險”), mainly serving the travel ecosystem;
- Bond insurance, including products such as Zhong Le Bao (“眾樂寶”) and Can Ju Xian (“參聚險”), mainly serving the lifestyle consumption and consumer finance ecosystems;
- Health insurance, including products such as Personal Clinic Policy (“尊享e生”) and Group Health Insurance Plan (“健康團險計劃”), mainly serving the health ecosystem;
- Liability insurance, including products such as Phone Accident Policy (“手機意外險”) and Logistics Liability Insurance (“物流責任險”), mainly serving the lifestyle consumption ecosystem;
- Credit insurance, including products such as Mashanghua (“馬上花”), mainly serving the consumer finance ecosystem;
- Cargo insurance, including products such as Taobao Free Return Policy (“放心淘”), mainly serving the lifestyle consumption ecosystem;
- Household property insurance, including products such as General Screen Crack Policy (“碎屏險”) and Account Safety Policy (“賬戶安全險”), mainly serving the lifestyle consumption and consumer finance ecosystems; and
- Others, including products such as Shipping Return Policy (“退貨運費險”) and Generic Buyer Version of Shipping Return Policy (“任性退”), mainly serving the lifestyle consumption ecosystem.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross written premiums increased by 84.3% from RMB1,351.9 million in the six months ended June 30, 2016 to RMB2,491.9 million in the six months ended June 30, 2017, primarily due to significant increases in gross written premiums from health insurance, accident insurance, liability insurance and shipping return insurance.

A breakdown of the GWP from our different insurance products for the periods indicated is shown below:

	Six months ended June 30	
	2017	2016
	(in thousands of RMB)	
	(unaudited)	(unaudited)
Accident insurance	724,838	407,812
Bond insurance	322,680	213,393
Health insurance	330,322	31,663
Liability insurance	199,863	83,321
Credit insurance	138,541	27,745
Cargo insurance	40,894	15,875
Household property insurance	28,517	3,137
Others	706,208	568,988
Total	2,491,863	1,351,934

2. Premiums Ceded to Reinsurers

Premiums ceded to reinsurers represent the portion of gross written premiums ceded to reinsurers, who, pursuant to the relevant reinsurance contracts, share part of the insured risk that we have assumed under our insurance contracts. Our reinsurance arrangements are primarily in connection with our health insurance products. Premiums ceded to reinsurers increased significantly from RMB5.8 million in the six months ended June 30, 2016 to RMB93.4 million in the six months ended June 30, 2017, primarily due to the significant increase in gross written premiums from health insurance.

3. Net Change in Unearned Premium Reserves

Net change in unearned premium reserves represents the change in unearned premium reserves, which are portions of written premiums relating to unexpired risk of insurance coverage. During the Reporting Period, our unearned premium reserves increased significantly mainly due to the increase in our gross written premiums and the rapid growth of longer-term products such as health insurance and credit insurance. Compared with short-term insurance products, longer-term products generally lead to a larger amount of unearned premium reserves. Net change in unearned premium reserves increased by 920.0% from RMB42.9 million in the six months ended June 30, 2016 to RMB437.6 million in the six months ended June 30, 2017, primarily due to the significant increase in gross written premiums in the six months ended June 30, 2017 compared with the same period in 2016 and GWP growth of longer-term products.

4. Net Premiums Earned

Net premiums earned represent net written premiums less net change in unearned premium reserves. As a result of the foregoing, net premiums earned increased by 50.5% from RMB1,303.2 million in the six months ended June 30, 2016 to RMB1,960.8 million in the six months ended June 30, 2017.

5. Net Investment Income

Net investment income is comprised of interest income from trust products, term deposits, securities purchased under agreements to resell and debt securities, dividend income from investment funds and equity securities, and realized gains or losses on securities through profit or loss and available-for-sale securities. We had net investment loss of RMB95.8 million in the six months ended June 30, 2016 and net investment income of RMB286.5 million in the six months ended June 30, 2017, primarily due to a net realized gain of RMB43.2 million for the six months ended June 30, 2017 as compared to a net realized loss of RMB233.9 million in the six months ended June 30, 2016, and a significant increase in dividend income from equity and investment funds from RMB11.6 million in the six months ended June 30, 2016 to RMB110.3 million in the six months ended June 30, 2017. The change from a net realized loss to a net realized gain was primarily determined by the general conditions of the PRC capital markets in the six months ended June 30, 2016 and 2017. The Shanghai Stock Exchange Composite Index and the Shenzhen Stock Exchange Component Index decreased by 17.2% and 14.5%, respectively, in the six months ended June 30, 2016 whereas the Shanghai Stock Exchange Composite Index increased by 2.9% and the Shenzhen Stock Exchange Component Index decreased by 3.6% during the same period in 2017. The increase in dividend income from equity securities and investment funds was primarily due to an increase in high-dividend securities in our investment portfolio as we adjusted our investment strategy based on market conditions.

6. Net Fair Value Loss through Profit or Loss

Net fair value loss through profit or loss represent net fair value change on financial assets measured at fair value through profit or loss. Net fair value loss through profit or loss decreased from RMB49.7 million in the six months ended June 30, 2016 to RMB31.7 million in the six months ended June 30, 2017. The changes were primarily driven by the general conditions of the PRC capital markets in the six months ended June 30, 2016 and 2017.

7. Other Operating Income

Other operating income primarily includes government grants and advisory income. Other operating income increased from RMB45.8 million in the six months ended June 30, 2016 to RMB76.8 million in the six months ended June 30, 2017, as we started to generate advisory income in 2017, in particular through rendering technology service to Ping An Insurance in connection with their auto insurance products.

8. Total Income

Total income represents the sum of net premiums earned, net investment income, net fair value gains through profit or loss and other operating income. As a result of the foregoing, total income increased by 90.5% from RMB1,203.5 million in the six months ended June 30, 2016 to RMB2,292.5 million in the six months ended June 30, 2017.

9. Net Claims Incurred

Net claims incurred represent insurance claims paid less claims paid ceded to reinsurers, as adjusted by net change in claim reserve. Net claims incurred increased by 93.9% from RMB533.7 million in the six months ended June 30, 2016 to RMB1,034.7 million in the six months ended June 30, 2017, primarily due to the increase in our net premiums earned. As a percentage of net premiums earned, net claims incurred increased from 41.0% in the six months ended June 30, 2016 to 52.8% in the six months ended June 30, 2017, primarily due to (1) significant increases in insurance claims paid and net increase in claim reserve in relation to credit insurance, a product type that we started to focus on in 2017; and (2) a significant increase in our unearned premium reserves mainly due to the rapid growth of longer-term products such as health insurance and credit insurance.

10. Handling Charges and Commissions

Handling charges and commissions represent fees paid to insurance agents for the distribution of our policies. Handling charges and commissions increased by 126.7% from RMB118.5 million in the six months ended June 30, 2016 to RMB268.6 million in the six months ended June 30, 2017, primarily due to an increase in commissions paid to agents and sales channels in relation to our fast-growing health insurance and accident insurance products.

11. Finance Costs

Finance costs represent interest paid on certain financial liabilities. Finance costs increased from RMB0.2 million in the six months ended June 30, 2016 to RMB1.5 million in the six months ended June 30, 2017, primarily because we held more securities sold under agreements to repurchase in the six months ended June 30, 2017 than in the six months ended June 30, 2016, resulting in an increase in interests incurred by such liabilities in the six months ended June 30, 2017.

12. Other Operating and Administrative Expenses

Other operating and administrative expenses primarily include consulting fees and service charges primarily paid to our ecosystem partners, employee salaries and benefits, promotion and marketing expenses, office rentals and other related expenses, and other miscellaneous operating and administrative expenses. Other operating and administrative expenses increased by 59.1% from RMB813.8 million in the six months ended June 30, 2016 to RMB1,294.5 million in the six months ended June 30, 2017, primarily due to an increase in staff costs and overhead expenses resulting from an expanding workforce to grow our business in accordance with our business plans, as well as an increase in service charges in relation to the growth of gross written premiums.

13. Income Tax Expense

Under the PRC EIT Law, the Company and its subsidiaries are subject to the statutory rate of 25.0%. We had income tax credit of RMB34.3 million and RMB20.1 million in the six months ended June 30, 2016 and 2017, respectively, as we had a net operating loss before income tax in each of these periods.

14. Net Loss for the Period

As a result of the foregoing, net loss for the period increased by 25.6% from RMB228.3 million in the six months ended June 30, 2016 to RMB286.8 million in the six months ended June 30, 2017.

15. Liquidity and Source of Funding

We have historically funded our cash requirements principally from cash generated from operating activities and capital contribution from Shareholders.

Cash Flows

The following table sets forth our cash flows for the periods indicated:

	Six months ended June 30	
	2017	2016
	(in thousands of RMB)	
	(unaudited)	(unaudited)
Net cash (outflow)/inflow from operating activities	(411,290)	802,243
Net cash inflow/(outflow) from investing activities	194,009	(1,349,841)
Net cash (outflow)/inflow from financing activities	(235,756)	12,721
Net decrease in cash and cash equivalents	(453,075)	(534,875)
Cash and cash equivalents at the beginning of period	1,153,244	1,374,897
Cash and cash equivalents at the end of period	700,169	840,022

Our cash inflows from operating activities primarily consist of cash premiums received for insurance products we issued. Our cash outflows used in operating activities primarily consist of cash payments of insurance claims, consulting fees and service charges, employee salaries and benefits, and handling charges and commissions. We had net cash outflows used in operating activities of RMB411.3 million in the six months ended June 30, 2017 compared with net cash inflows from operating activities of RMB802.2 million in the six months ended June 30, 2016, primarily due to cash used in the six months ended June 30, 2017 for the redemption of previously outstanding investment-linked insurance products, which we stopped selling in January 2017 in accordance with a new CIRC regulation.

We had net cash inflows from investing activities of RMB194.0 million in the six months ended June 30, 2017 compared with net cash outflows of 1,349.8 million used in investing activities in the six months ended June 30, 2016, primarily due to disposals of certain debt investments and fund investments in our investment portfolio in the six months ended June 30, 2017.

We had net cash outflows used in financing activities of RMB235.8 million in the six months ended June 30, 2017 compared with net cash inflows from financing activities of RMB12.7 million in the six months ended June 30, 2016, primarily due to repurchases of securities sold under agreements to repurchase in the six months ended June 30, 2017.

Indebtedness

We did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as at June 30, 2017. We did not have any banking facilities as at June 30, 2017.

16. Material Investments

We did not make any material investments during the six months ended June 30, 2017.

We plan to establish a small loan company at Dazu District, Chongqing known as Chongqing ZhongAn Small Loan Company Limited as a joint venture with Sinolink Worldwide Holdings Limited with a registered capital of RMB300 million in which we are expected to hold a 70% interest and Sinolink Worldwide Holdings Limited is expected to hold a 30% interest. The proposal has been approved by the Chongqing Finance Office and the Chongqing Dazu Finance Office. We have not entered into any definitive agreement with Sinolink Worldwide Holdings Limited as at the Latest Practicable Date. This project is expected to be funded by internal resources and other funding sources as permitted by laws and regulations.

17. Material Acquisitions and Disposals

We did not have any material acquisitions or disposals of subsidiaries, associated companies or joint ventures during the six months ended June 30, 2017.

18. Pledge of Assets

As at June 30, 2017, none of the Group's assets were pledged.

19. Gearing Ratio

As at June 30, 2017, our gearing ratio, calculated as total liabilities (excluding capital supplementary bonds and subordinated term debts) divided by total assets, was approximately 27.5%, representing an increase of 1.0 percentage point as compared with 26.5% as at December 31, 2016. The increase was primarily due to the decrease in asset balance.

20. Foreign Exchange Exposure

During the six months ended June 30, 2017, we mainly operated in China and majority of the transactions were settled in RMB, the Company's functional currency. As at June 30, 2017, we did not have significant foreign currency exposure from our operations.

21. Contingent Liabilities

As at June 30, 2017, we did not have any material contingent liabilities.

22. Off-balance Sheet Commitments and Arrangements

As at June 30, 2017, we have not entered into any off-balance sheet arrangements.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ANY ASSOCIATED CORPORATION

As the Company was not listed on the Hong Kong Stock Exchange as at June 30, 2017, Divisions 7 and 8 of Part XV of the SFO and section 352 of the SFO were not applicable to the Directors or chief executive of the Company as at June 30, 2017.

As at the Listing Date, the interests and short positions of our Directors or chief executive of our Company in the Shares, underlying Shares and debentures of our Company or its associated corporation (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code as contained in Appendix 10 to the Listing Rules were as follows:

Name of Director	Class of Shares	Nature of interest	Number of Shares	Approximate percentage in Shares of the same class ⁽³⁾	Approximate percentage of the Company's total issued share capital ⁽³⁾
Yaping Ou ⁽¹⁾	Domestic Shares	Interest of controlled corporation	81,000,000 (Long position)	8.10%	5.63%
Fang Zheng ⁽²⁾	H Shares	Interest of controlled corporation	61,189,167 (Long position)	13.91%	4.25%

Notes:

- (1) Cnhooray Internet Technology Co. Ltd. (深圳日訊網絡科技股份有限公司) is a subsidiary of Timeway Holdings Limited (中宇集團有限公司). The entire interest of Timeway Holdings Limited (中宇集團有限公司) is held by Sinolink Worldwide Holdings Limited (香港百仕達控股有限公司), which is listed on the Hong Kong Stock Exchange (SEHK: 1168) and is owned by Asia Pacific Promotion Limited, a company wholly owned by Mr. Yaping Ou, as to approximately 45.1%. As such, Timeway Holdings Limited (中宇集團有限公司), Sinolink Worldwide Holdings Limited (香港百仕達控股有限公司), Asia Pacific Promotion Limited and Mr. Yaping Ou are deemed to be interested in the Shares held by Cnhooray Internet Technology Co. Ltd. (深圳日訊網絡科技股份有限公司). The calculation is based on the percentage of interest in Domestic Shares of the Company on the Listing Date.
- (2) Keywise ZA Investment is an investment of Keywise Greater China Opportunities Master Fund. The investment advisor is Keywise Capital Management (HK) Limited which in turn owns 23.0% interest in Keywise ZA Investment. Other investors own 77.0% interest in Keywise ZA Investment. Keywise ZA Investment is accustomed to taking instructions from Mr. Fang Zheng. As such, Mr. Fang Zheng is deemed to be interested in the Shares held by Keywise ZA Investment.
- (3) The shareholding percentages are calculated on the basis of 1,000,000,000 Domestic Shares and 439,918,900 H Shares (assuming the Over-allotment Option is not exercised).

Save as disclosed above, as at the Listing Date, so far as is known to any Director or the chief executive of the Company, none of the Directors nor the chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Part XV of the SFO (including the interests and short positions which the Director is taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code to be notified to the Company and the Hong Kong Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As the Company was not listed on the Hong Kong Stock Exchange as at June 30, 2017, Divisions 2 and 3 of Part XV of the SFO and section 336 of the SFO were not applicable to the Company as at June 30, 2017. As at the Listing Date, so far as the Directors are aware, the following persons (other than our Directors or chief executives of our Company) had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Class of Shares	Nature of interest	Number of Shares ⁽¹⁾	Approximate percentage in Shares of the same class ⁽²⁾	Approximate percentage of the Company's total issued share capital ⁽²⁾
Ant Financial ⁽³⁾	Domestic Shares	Beneficial interest	199,000,000	19.9000%	13.8202%
Hangzhou Junao Investments (Limited Partnership) ⁽³⁾	Domestic Shares	Interest in a controlled corporation	199,000,000	19.9000%	13.8202%
Hangzhou Junhan Investments (Limited Partnership) ⁽³⁾	Domestic Shares	Interest in a controlled corporation	199,000,000	19.9000%	13.8202%
Hangzhou Yunbo Investment Consulting Co., Ltd. ⁽³⁾	Domestic Shares	Interest in a controlled corporation	199,000,000	19.9000%	13.8202%
Jack Ma ⁽³⁾	Domestic Shares	Interest in a controlled corporation	199,000,000	19.9000%	13.8202%
Tencent Computer System ⁽⁴⁾	Domestic Shares	Beneficial interest	150,000,000	15.0000%	10.4173%
Huateng Ma ⁽⁴⁾	Domestic Shares	Interest in a controlled corporation	150,000,000	15.0000%	10.4173%
Tencent Holdings Limited ⁽⁴⁾	Domestic Shares	Interest in a controlled corporation	150,000,000	15.0000%	10.4173%
Ping An Insurance ⁽⁵⁾	Domestic Shares	Beneficial interest	150,000,000	15.0000%	10.4173%
Shenzhen Jia De Xin Investment Limited ⁽⁶⁾	Domestic Shares	Beneficial interest	140,000,000	14.0000%	9.7228%
Shenzhen Huaxinlian Investment Limited ⁽⁶⁾	Domestic Shares	Interest in a controlled Corporation	140,000,000	14.0000%	9.7228%
Yafei Ou ⁽⁶⁾	Domestic Shares	Interest in a controlled Corporation	140,000,000	14.0000%	9.7228%
Unifront Holding Limited ⁽⁷⁾	Domestic Shares	Beneficial interest	90,000,000	9.0000%	6.2504%
Shanghai Songlu Investment Management Co., Ltd. ⁽⁷⁾	Domestic Shares	Interest in a controlled Corporation	90,000,000	9.0000%	6.2504%
Shanghai Jianglu Investment Management Co., Ltd. ⁽⁷⁾	Domestic Shares	Interest in a controlled Corporation	90,000,000	9.0000%	6.2504%

OTHER INFORMATION

Name of Shareholder	Class of Shares	Nature of interest	Number of Shares ⁽¹⁾	Approximate percentage in Shares of the same class ⁽²⁾	Approximate percentage of the Company's total issued share capital ⁽²⁾
Shanghai Xinlu Investment Management Co., Ltd. ⁽⁷⁾	Domestic Shares	Interest in a controlled Corporation	90,000,000	9.0000%	6.2504%
Shanghai Youlu Investment Management Co., Ltd. ⁽⁷⁾	Domestic Shares	Interest in a controlled Corporation	90,000,000	9.0000%	6.2504%
Zhen Zhang ⁽⁷⁾	Domestic Shares	Interest in a controlled Corporation	90,000,000	9.0000%	6.2504%
Cnhooray Internet Technology Co. Ltd. ⁽⁸⁾	Domestic Shares	Beneficial interest	81,000,000	8.1000%	5.6253%
Timeway Holdings Limited ⁽⁸⁾	Domestic Shares	Interest in a controlled Corporation	81,000,000	8.1000%	5.6253%
Sinolink Worldwide Holdings Limited ⁽⁸⁾	Domestic Shares	Interest in a controlled Corporation	81,000,000	8.1000%	5.6253%
Morgan Stanley Asia Securities Products LLC ⁽⁹⁾	H Shares	Beneficial interest	30,730,833	6.9856%	2.1342%
CICC Securities (HK) Limited ⁽¹⁰⁾	H Shares	Beneficial interest	31,250,000	7.1036%	2.1703%
CDH Avatar, L.P. ⁽¹¹⁾	H Shares	Beneficial interest	62,000,000	14.0935%	4.3058%
Keywise ZA Investment ⁽¹²⁾	H Shares	Beneficial interest	61,189,167	13.9092%	4.2495%
Equine Forces Limited Partnership ⁽¹³⁾	H Shares	Beneficial interest	55,455,000	12.6057%	3.8513%
Softbank Group Corp. ⁽¹⁴⁾	H Shares	Beneficial interest	71,909,800	16.3461%	4.9940%

Notes:

(1) All the Shares are held in long position (as defined under Part XV of the SFO).

(2) The shareholding percentages are calculated on the basis of 1,000,000,000 Domestic Shares and 439,918,900 H Shares (assuming the Over-allotment Option is not exercised).

(3) Hangzhou Junao Investments (Limited Partnership) (杭州君澳股權投資合夥企業 (有限合夥)) holds approximately 34.2% shares in Ant Financial, and Hangzhou Junhan Investments (Limited Partnership) (杭州君瀚股權投資合夥企業 (有限合夥)) holds approximately 42.3% shares in Ant Financial. As such, Hangzhou Junao Investments (Limited Partnership) (杭州君澳股權投資合夥企業 (有限合夥)) and Hangzhou Junhan Investments (Limited Partnership) (杭州君瀚股權投資合夥企業 (有限合夥)) are deemed to be interested in the Shares held by Ant Financial. The voting rights of Hangzhou Junao Investments (Limited Partnership) (杭州君澳股權投資合夥企業 (有限合夥)) and Hangzhou Junhan Investments (Limited Partnership) (杭州君瀚股權投資合夥企業 (有限合夥)) are

controlled by Hangzhou Yunbo Investment Consulting Co., Ltd. (杭州雲鉅投資諮詢有限公司) which in turn is entirely owned by Jack Ma (馬雲). As such, Hangzhou Yunbo Investment Consulting Co., Ltd. (杭州雲鉅投資諮詢有限公司) and Jack Ma (馬雲) are deemed to be interested in the Shares held by Ant Financial.

(4) Tencent Computer System is a consolidated affiliated entity (through contractual arrangements) of Tencent Holdings Limited, a company listed on the Main Board on the Hong Kong Stock Exchange (SEHK: 0700), and is one of its principal PRC domestic operating entities. Tencent Computer System is a leading provider of internet value added services in China and a clear holder of our Shares. As such, Tencent Holdings Limited is deemed to be interested in the Shares held by Tencent Computer System. Huateng Ma (馬化騰) holds approximately 54.3% shares in Tencent Computer System.

(5) Ping An Insurance is a joint-stock company incorporated in the PRC and listed on Main Board of the Hong Kong Stock Exchange (SEHK: 02318) and the Shanghai Stock Exchange (SSE: 601318).

- (6) Shenzhen Jia De Xin Investment Limited (深圳市加德信投資有限公司) is a subsidiary of Shenzhen Huaxinlian Investment Co., Ltd. (深圳市華信聯投資有限公司). As such, Shenzhen Huaxinlian Investment Co., Ltd. (深圳市華信聯投資有限公司) is deemed to be interested in the Shares held by Shenzhen Jia De Xin Investment Limited (深圳市加德信投資有限公司). Shenzhen Huaxinlian Investment Co., Ltd. (深圳市華信聯投資有限公司) is controlled by Yafei Ou (歐亞非). As such, Yafei Ou (歐亞非) is deemed to be interested in the Shares held by Shenzhen Jia De Xin Investment Limited (深圳市加德信投資有限公司).
- (7) Unifront Holding Limited (優孚控股有限公司) is owned by Shanghai Songlu Investment Management Co., Ltd. (上海松鹿投資管理有限公司) as to 25.0%, Shanghai Jianglu Investment Management Co., Ltd. (上海江鹿投資管理有限公司) as to approximately 16.9% and Shanghai Xinlu Investment Management Co., Ltd. (上海鑫鹿投資管理有限公司) as to approximately 13.1%. The entire interest of Shanghai Songlu Investment Management Co., Ltd. (上海松鹿投資管理有限公司), Shanghai Jianglu Investment Management Co., Ltd. (上海江鹿投資管理有限公司) and Shanghai Xinlu Investment Management Co., Ltd. (上海鑫鹿投資管理有限公司) are held by Shanghai Youlu Investment Management Co., Ltd. (上海游鹿投資管理有限公司), which in turn is controlled by Zhen Zhang (張真). As such, Shanghai Youlu Investment Management Co., Ltd. (上海游鹿投資管理有限公司), Shanghai Songlu Investment Management Co., Ltd. (上海松鹿投資管理有限公司), Shanghai Jianglu Investment Management Co., Ltd. (上海江鹿投資管理有限公司) and Shanghai Xinlu Investment Management Co., Ltd. (上海鑫鹿投資管理有限公司) are deemed to be interested in the Shares held by Unifront Holding Limited (優孚控股有限公司). As such, Zhen Zhang (張真) is deemed to be interested in the Shares held by Unifront Holding Limited (優孚控股有限公司).
- (8) Cnhooray Internet Technology Co. Ltd. (深圳日訊網絡科技股份有限公司) is a subsidiary of Timeway Holdings Limited (中宇集團有限公司) which in turn is entirely owned by Sinolink Worldwide Holdings Limited (香港百仕達控股有限公司), which is listed on the Hong Kong Stock Exchange (SEHK: 1168) and is owned by Asia Pacific Promotion Limited, a company wholly owned by Mr. Yaping Ou, as to approximately 45.1%. As such, Timeway Holdings Limited (中宇集團有限公司), Sinolink Worldwide Holdings Limited (香港百仕達控股有限公司) and Asia Pacific Promotion Limited are deemed to be interested in the Shares held by Cnhooray Internet Technology Co. Ltd. (深圳日訊網絡科技股份有限公司).
- (9) Morgan Stanley Asia Securities Products LLC is wholly owned by Morgan Stanley Hong Kong Limited and the ultimate parent company is Morgan Stanley, whose shares are listed on the New York Stock Exchange (NYSE: MS).
- (10) CICC Securities (HK) Limited is wholly owned by CICC Jiazi Holdings Limited, which in turn is wholly owned by CICC AGI, which in turn is wholly owned by CICC HK. CICC HK is a wholly owned subsidiary of China International Capital Corporation Limited (SEHK: 3908).
- (11) The general partner of CDH Avatar. LP is CDH China HF Holdings Company Limited which is wholly owned by CDH Wealth Management Company Limited, which is owned by CDH China Management Company Limited as to 50.0%. China Diamond Holdings Company Limited holds approximately 72.2% of CDH China Management Company Limited.
- (12) Keywise ZA Investment is an investment of Keywise Greater China Opportunities Master Fund. The investment advisor is Keywise Capital Management (HK) Limited which in turn owns 23.0% interest in Keywise ZA Investment. Other investors own 77.0% interest in Keywise ZA Investment. Keywise ZA Investment is accustomed to take instructions from Mr. Fang Zheng. As such, Mr. Fang Zheng is deemed to be interested in the Shares held by Keywise ZA Investment.
- (13) Equine Forces Limited Partnership ("EFLP") is an exempted limited partnership registered under the laws of the Cayman Islands. The general partner of EFLP is Equine Forces Limited ("EFL"), an exempted limited liability company incorporated in the Cayman Islands. Mr. Andrew Y. Yan has actual control over EFL, who will be deemed to be interested in the Shares held by EFLP.
- (14) SoffBank Group is a Japanese corporation listed on the Tokyo Stock Exchange (TYO: 9984).

Save as disclosed above, according to the register kept by the Company under Section 336 of the SFO, there was no other person who had a substantial interest or short positions in the Shares or underlying Shares of the Company as at the Listing Date.

EMPLOYEES AND REMUNERATION POLICIES

As at June 30, 2017, the Group had 2,034 full-time employees (June 30, 2016: 1,177). The number of employees employed by the Group varies from time to time depending on need. Employee remuneration is determined in accordance with prevailing industry practice and employees' educational backgrounds, experiences and performance. The remuneration policy and package of the Group's employees are periodically reviewed. Apart from pension funds, in-house training programs, discretionary bonuses, medical insurance and mandatory provident fund, share awards may be granted to employees according to the assessment of individual performance.

Compensation of key executives of the Group is determined by the Company's remuneration committee which reviews and determines executives' compensation based on the Group's performance and the executives' respective contributions to the Group.

The total remuneration cost incurred by the Group for the six months ended June 30, 2017 was RMB296.7 million (for the six months ended June 30, 2016: RMB111.6 million).

CORPORATE GOVERNANCE

The Company was incorporated in the PRC on October 9, 2013 as a joint stock limited company with limited liability, and the Shares of the Company were listed on the Main Board of the Hong Kong Stock Exchange on September 28, 2017.

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures and to enhance the transparency and accountability of the Board to all Shareholders.

As the Shares of the Company were not yet listed on the Hong Kong Stock Exchange as at June 30, 2017, the principles and code provisions of the CG Code contained in Appendix 14 to the Listing Rules were not applicable to the Company during the Reporting Period.

The Company has adopted the principles and code provisions of the CG Code set out in Appendix 14 to the Listing Rules as the basis of the Company's corporate governance practices, and the CG Code has been applicable to the Company with effect from the Listing Date.

The Company has complied with all the code provisions set out in the CG Code from the Listing Date up to the date of this interim report.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct regarding the Directors' dealings in the securities of the Company. The provisions under the Listing Rules in relation to compliance with the Model Code by the Directors regarding securities transactions have been applicable to the Company since the Listing Date. As the Shares of the Company were not yet listed on the Hong Kong Stock Exchange as at June 30, 2017, the Model Code was not applicable to the Company during the Reporting Period.

REVIEW BY AUDIT COMMITTEE

The Company has established an audit committee in accordance with the Listing Rules. The primary duties of the audit committee are to supervise our risk management, internal control system, financial information disclosure and financial reporting matters. The audit committee comprises Mr. Guoping Wang, Mr. Yifan Li and Ms. Hui Chen. Mr. Guoping Wang is a non-executive Director, and Mr. Yifan Li and Ms. Hui Chen are independent non-executive Directors. Ms. Hui Chen is the chairman of the audit committee.

The audit committee has reviewed the unaudited interim results of the Group for the six months ended June 30, 2017. The audit committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management members and the external auditor of the Company, PricewaterhouseCoopers.

The interim financial report of the Group for the six months ended June 30, 2017 has been reviewed by the audit committee of the Company and by the Company's external auditor in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

OTHER BOARD COMMITTEES

In addition to the audit committee, the Company has also established a risk management committee, a remuneration and nomination committee and an investment strategy committee.

DISCLOSURE OF DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Pursuant to Rule 13.51B(1) of the Listing Rules, there are no changes in information of Directors and Supervisors of the Company since the Listing Date.

PURCHASE, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES

Since the Company was not listed on the Hong Kong Stock Exchange during the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities listed on the Hong Kong Stock Exchange during the Reporting Period.

LITIGATION

As at June 30, 2017, the Company was not involved in any material litigation or arbitration. Nor were the Directors of the Company aware of any material litigation or claims that were pending or threatened against the Company.

INTERIM DIVIDEND

In order to retain resources for the Group's business development, the Board does not declare any interim dividend for the six months ended June 30, 2017 (for the six months ended June 30, 2016: Nil).

USE OF PROCEEDS FROM THE GLOBAL OFFERING

With the Shares of the Company listed on the Hong Kong Stock Exchange on September 28, 2017, the gross proceeds from the Global Offering was approximately HK\$11,897.8 million (assuming the Over-allotment Option was not exercised), which will be utilized for the purposes as set out in the Prospectus.

For and on behalf of the Board
Jin Chen
Executive Director, CEO
September 29, 2017

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

TO THE BOARD OF DIRECTORS OF ZHONGAN ONLINE P & C INSURANCE CO., LTD.
(Incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 20 to 54, which comprises the interim condensed consolidated statement of financial position of ZhongAn Online P & C Insurance Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2017 and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 18 September 2017

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2017
(All amounts expressed in RMB thousand unless otherwise specified)

	Notes	Six months ended 30 June	
		2017 (unaudited)	2016 (unaudited)
Gross written premiums	7	2,491,863	1,351,934
Less: Premiums ceded to reinsurers	7	(93,423)	(5,818)
Net written premiums	7	2,398,440	1,346,116
Less: Net change in unearned premium reserves	7	(437,602)	(42,919)
Net premiums earned	7	1,960,838	1,303,197
Net investment income	8	286,523	(95,782)
Net fair value changes through profit or loss	9	(31,695)	(49,744)
Other operating income		76,810	45,841
Other income		331,638	(99,685)
Total income		2,292,476	1,203,512
Net claims incurred	10	(1,034,694)	(533,668)
Handling charges and commissions	11	(268,609)	(118,465)
Finance costs		(1,511)	(179)
Other operating and administrative expenses		(1,294,503)	(813,755)
Total benefits, claims and expenses		(2,599,317)	(1,466,067)
Operating loss before income tax		(306,841)	(262,555)
Income tax expense	12	20,064	34,292
Net loss for the period		(286,777)	(228,263)
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:			
– Available-for-sale financial assets	13	(13,358)	(15,095)
Other comprehensive loss for the period	13	(13,358)	(15,095)
Total comprehensive loss for the period		(300,135)	(243,358)
Loss per share			
– Basic (RMB yuan)	14	(0.23)	(0.18)
– Diluted (RMB yuan)	14	(0.23)	(0.18)

The accompanying notes form an integral part of the consolidated financial statements.

The consolidated financial statements and the accompanying notes starting from page 20 to page 54 are signed by:

(On behalf of Board of Directors)

(On behalf of Board of Directors)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

(All amounts expressed in RMB thousand unless otherwise specified)

	Notes	30 June 2017 (unaudited)	31 December 2016 (audited)
ASSETS			
Cash and cash equivalents	15	700,169	1,153,244
Financial assets at fair value through profit or loss	16	2,399,923	1,599,230
Securities purchased under agreements to resell	17	7,300	302,300
Interest receivables	18	104,906	136,841
Premium receivables	19	236,027	174,281
Reinsurance debtors	20	16,327	10,838
Reinsurers' share of insurance contract liabilities	31	64,168	24,104
Available-for-sale financial assets	21	2,746,937	3,670,260
Investments classified as loans and receivables	22	2,127,794	1,707,648
Restricted statutory deposits	23	248,125	248,125
Investments in associates		490	—
Property and equipment	24	56,014	53,651
Intangible assets	25	183,631	147,953
Goodwill		1,047	1,047
Other assets	27	159,897	102,701
Total assets		9,052,755	9,332,223
EQUITY AND LIABILITIES			
Equity			
Share capital	28	1,240,625	1,240,625
Reserves	29	5,546,138	5,557,649
Retained earnings/(Accumulated losses)		(226,079)	60,698
Total equity		6,560,684	6,858,972
Liabilities			
Securities sold under agreements to repurchase	30	53,900	282,674
Premium received in advance		48,519	61,608
Reinsurance payables		116,055	33,999
Policyholders' deposits		112	211
Insurance contract liabilities	31	1,443,970	797,305
Investment contract liabilities	32	70,408	573,069
Deferred tax liabilities	26	—	24,517
Other liabilities	33	759,107	699,868
Total liabilities		2,492,071	2,473,251
Total equity and liabilities		9,052,755	9,332,223

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017
(All amounts expressed in RMB thousand unless otherwise specified)

For the six months ended 30 June 2017 (unaudited)

Attributable to equity holders of the parent

Reserves

	Share capital	Capital reserves	Surplus reserves	General reserves	Available- for-sale investment revaluation reserves	Other reserves	Retained Earnings/ (Accumulated losses)	Total
At 1 January 2017	1,240,625	5,505,266	—	—	17,804	34,579	60,698	6,858,972
Total comprehensive loss	—	—	—	—	(13,358)	—	(286,777)	(300,135)
Share-based payment	—	—	—	—	—	1,847	—	1,847
At 30 June 2017	1,240,625	5,505,266	—	—	4,446	36,426	(226,079)	6,560,684

For the six months ended 30 June 2016 (unaudited)

Attributable to equity holders of the parent

Reserves

	Share capital	Capital reserves	Surplus reserves	General reserves	Available- for-sale investment revaluation reserves	Other reserves	Retained Earnings/ (Accumulated losses)	Total
At 1 January 2016	1,240,625	5,505,266	—	—	73,154	27,947	51,326	6,898,318
Total comprehensive loss	—	—	—	—	(15,095)	—	(228,263)	(243,358)
Share-based payment	—	—	—	—	—	3,806	—	3,806
At 30 June 2016	1,240,625	5,505,266	—	—	58,059	31,753	(176,937)	6,658,766

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017
(All amounts expressed in RMB thousand unless otherwise specified)

	Notes	Six months ended 30 June	
		2017 (unaudited)	2016 (unaudited)
OPERATING ACTIVITIES			
Cash (used in)/generated from operating activities	34	(411,290)	802,243
Net cash (outflow)/inflow from operating activities		(411,290)	802,243
INVESTING ACTIVITIES			
Purchases of property and equipment, intangible assets and other assets		(71,937)	(67,131)
Purchases of investments, net		(52,022)	(1,164,150)
Acquisition of an associate, net		(490)	—
Dividends and others received from investments		318,458	(118,560)
Net cash inflow/(outflow) from investing activities		194,009	(1,349,841)
FINANCING ACTIVITIES			
Securities sold under agreements to repurchase, net		(230,285)	12,721
Transaction cost payment related to financing activities		(5,471)	—
Net cash (outflow)/inflow from financing activities		(235,756)	12,721
Effects of exchange rate changes on cash and cash equivalents		(38)	2
Net decrease in cash and cash equivalents		(453,075)	(534,875)
Cash and cash equivalents at the beginning of period		1,153,244	1,374,897
Cash and cash equivalents at the end of period		700,169	840,022

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 June 2017

(All amounts expressed in RMB thousand unless otherwise specified)

1. GENERAL INFORMATION

Approved by the China Insurance Regulatory Commission (the "CIRC") of the People's Republic of China (the "PRC"), ZhongAn Online P & C Insurance Co., Ltd. (the "Company") is a joint stock company established on 9 October 2013.

The Company and its subsidiary (collectively, the "Group") are principally engaged in Insuretech business, which provides internet insurance services and insurance information services to customers.

2. BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2017 has been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), as part of the Hong Kong Financial Reporting Standards ("HKFRSs").

This interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2016.

3. PRINCIPAL ACCOUNTING POLICIES

3.1 Changes in accounting policy and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2016, except for the adoption of amended or improved standards and interpretations as of 1 January 2017 as described below. The adoption of these amended or improved HKFRSs currently has been either not applicable or not significant on these consolidated financial statements.

Amendment to HKAS 12 Income taxes

These amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value.

Amendment to HKAS 7 Statement of cash flows

The amendments introduced an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Amendment to HKFRS 12 Disclosure of interest in other entities

The amendment is part of the annual improvements to HKFRSs 2014-2016 cycle. It clarifies that the disclosure requirement of HKFRS 12 is applicable to interest in entities classified as held for sale except for summarised financial information (para B17 of HKFRS 12).

The Group has not early adopted any other standard, interpretation or amendment that was issued but is not yet effective.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 June 2017

(All amounts expressed in RMB thousand unless otherwise specified)

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

3.2 Impact of standards issued but not yet applied

HKFRS 9 and HKFRS 4 Amendments

HKFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of HKFRS 9 was issued in July 2014. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income ("OCI") and fair value through income statement. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI which are not recycled to profit or loss. There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. HKFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under HKAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Amendments to HKFRS 4 address issues arising from the different effective dates of HKFRS 9, and will apply the upcoming new insurance contracts standard. The amendments provide two optional approaches to deal with the mismatched effective dates of HKFRS 9 and the new insurance contracts standard to replace HKFRS 4. The overlay approach allows all companies that issue insurance contracts to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when HKFRS 9 is applied before the new insurance contracts standard is issued. The deferral approach enables companies whose activities are predominantly connected with insurance temporary exemption from applying HKFRS 9 until 2021. Entities that defer the application of HKFRS 9 will continue to apply HKAS 39 Financial Instruments: Recognition and Measurement.

The new rule changes the measurement categories of financial assets. Measurement categories under HKAS 39 are fair value through profit or loss, available-for-sale, hold for maturity, and loans and receivables. HKFRS 9 redefines this category model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income and fair value through income statement. The initial recognition of financial assets under the new rule will be based on the entity's business model for managing financial assets and their contractual cash flow characteristics. Financial assets recognized as fair value through OCI are initially recognized and subsequently measured at fair value and movements in the carrying amount should be taken through OCI except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in profit and loss. Financial assets included within fair value through income statement should be measured at fair value and all changes taken through profit or loss. Financial assets include in amortized costs are initially recognized at fair value and subsequently measured at amortized cost. The abovementioned changes impact the Group both on consolidated balance sheet and consolidated comprehensive income statement which is different from current classification and measurement. Also a new impairment model is introduced which will replace the current incurred loss model under HKAS 39. The impairment loss will be recognized in income statement and it requires the Group to estimate the impairment loss in credit quality of the financial assets which varies from current impairment loss model. Hence the impact on the Group is expected to be significant. However, the Group concludes that the Group's operation activities are predominantly connected with insurance and decides to apply the deferral approach. Therefore, the Group will not adopt the HKFRS 9 until 1 January 2021 and it won't have impact on the Group until 2021.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 June 2017

(All amounts expressed in RMB thousand unless otherwise specified)

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

3.2 Impact of standards issued but not yet applied *(Continued)*

HKFRS 15

HKFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces HKAS 18 'Revenue' and HKAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Group is currently assessing the impact of HKFRS 15.

The Group assesses that adopting HKFRS 15 would not have a material impact to the Group's financial information.

HKFRS 16

HKFRS 16, 'Leases' addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from HKFRS 16 is that almost all operating leases will be accounted for on balance sheet for lessees, and the only optional exemptions are for certain short-term leases and leases of low-value assets. The standard replaces HKAS 17 'Leases', and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted but only in conjunction with adopting HKFRS 15 'Revenue from contracts with customers' at the same time.

The Group is a lessee of various offices, which are currently classified as operating leases. IFRS 16 provides new provisions for the accounting treatment of leases and all long-term leases, including future operating lease commitments, must be recognized in the form of an asset (for the right of use) and a financial liability (for the payment obligation). Thus each lease will be mapped in the Group's consolidated balance sheets. In the income statement, leases will be recognized in the future as capital expenditure on the purchasing side and will no longer be recorded as an operating expense. As a result, the operating expenses under otherwise identical circumstances will decrease, with depreciation and amortization and the interest expense will increase. The new standard will impact the balance sheet in terms of total assets and liabilities. The Group holds material long-term leases, hence the impact of IFRS 16 would be material on its total assets and liabilities while the impact on equity and the consolidated statement of comprehensive income is not expected to be significant.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 June 2017

(All amounts expressed in RMB thousand unless otherwise specified)

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

3.2 Impact of standards issued but not yet applied *(Continued)*

IFRS 17

IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It applies to the measurement of insurance contracts issued, all reinsurance contracts and investment contracts with discretionary participating features.

It requires a current measurement model where estimates are re-measured each reporting period. Contracts are measured using the building blocks of:

- discounted probability-weighted cash flows
- an explicit risk adjustment, and
- a contractual service margin ("CSM") representing the unearned profit of the contract which is recognised as revenue over the coverage period.

The standard allows a choice between recognising changes in discount rates either in the income statement or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9.

An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts, which are often written by non-life insurers.

There is a modification of the general measurement model called the 'variable fee approach' for certain contracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach the entity's share of the fair value changes of the underlying items is included in the contractual service margin. The results of insurers using this model are therefore likely to be less volatile than under the general model.

Also when measuring the insurance contracts, risk adjustment will need to reflect the compensation that the Group requires for uncertainty and quantify the value between a certain and an uncertain liability based on its own assessment. Acquisition costs can be deferred in a different approach.

These changes under new rule will impact the Group's financial performance in revenue recognition, insurance contract liabilities provision and expense amortization and deferral, thus impacting the statement of comprehensive income and financial position. Insurers are also required to disclose information about amounts, judgements and risks arising from insurance contracts. Insurance contracts revenue on the statement of comprehensive income which is a key performance indicator will include expected claims and benefits and release of risks and amortization of CSM which is of different components compared with current composition. Since the HKICPA is expected to adopt IFRS 17 as HKFRS 17, the impact is expected to be significant. However, it won't have impact on the Group until 2021.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 June 2017

(All amounts expressed in RMB thousand unless otherwise specified)

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

3.2 Impact of standards issued but not yet applied *(Continued)*

Amendments to HKFRSs: Annual Improvements to HKFRSs 2014-2016 Cycle

These amendments impact 2 standards: HKFRS 1, 'First-time adoption of HKFRS', regarding the deletion of short term exemptions for first-time adopters regarding HKFRS 7, HKAS 19, and HKFRS 10 effective on 1 January, 2018. HKAS 28, 'Investments in associates and joint ventures' regarding measuring an associate or joint venture at fair value.

Amendments to HKAS 40

These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence.

Amendments to HKFRS 2

This amendment clarifies the measurement basis for cash-settled share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in HKFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.

HK(IFRIC) 22

This HK(IFRIC) addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice.

HK(IFRIC) 23

It may be unclear how tax law applies to a particular transaction or circumstance, or whether a taxation authority will accept a company's tax treatment. HKAS 12 Income Taxes specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. HK(IFRIC) 22 provides requirements that add to the requirements in HKAS 12 by specifying how to reflect the effects of uncertainty in accounting for income taxes.

Except the above mentioned impact of HKFRS 9 and IFRS 17, the Group expects adoption of the above new HKFRS, amendments to HKFRS and HK(IFRIC) interpretations issued but not yet effective will not have a material impact on the Group's operating results, financial position or other comprehensive income.

As at 30 June 2017, the Group has non-cancellable operating lease commitments of RMB337,364 thousand, see Note 37. However, the Group has not yet determined to what extent these commitments will result in the recognition of right-of-use assets and liabilities for future payments and how this will affect the Group's profit and classification of cash flows. Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 June 2017

(All amounts expressed in RMB thousand unless otherwise specified)

4. CHANGE IN ACCOUNTING ESTIMATES

When measuring the insurance contract liabilities and other policy-related liabilities, the Group determines actuarial assumptions such as discount rate, expense assumptions, loss ratios and risk margin based on information currently available as at the balance sheet date.

As at 30 June 2017, the Group used information currently available to determine the above assumptions and the impact of change in assumptions was charged to profit or loss.

5. SEGMENT INFORMATION

Currently, the Group operates its business as one single segmentation. No separate segment information is necessary to be disclosed. More than 99% of the Group's revenue is derived from its operations in the PRC. More than 99% of the Group's assets are located in the PRC.

6. SUBSIDIARIES

(a) The Company's incorporated subsidiaries as at 30 June 2017 are as follows:

Name	Place of operations	Place of incorporation/ registration	Nature of business	Registered capital (RMB thousand)	Percentage of equity/ voting rights attributable to the Company	Acquisition Mode
Zhong An Information Technology Services Limited Company ("Zhong An Information")	Shanghai, The PRC	Shanghai, The PRC	Technology Development/ Technology Consulting	500,000	100%	Set-up
Hangzhou Qi Hui Internet Technology Limited Company ("Hangzhou Qihui")	Hangzhou, The PRC	Hangzhou, The PRC	Technology Development/ Technology Consulting	3,000	100%	Equity Purchase
Shanghai Yuan Bao Internet Technology Limited Company ("Shanghai Yuan Bao")	Shanghai, The PRC	Shanghai, The PRC	Technology Development/ Technology Consulting	10,000	60%	Set-up
Beijing Youwozai Technology Co., Ltd ("Beijing Youwozai")	Beijing, The PRC	Beijing, The PRC	Technology Development/ Technology Consulting	1,000	60%	Set-up
Zhuhai Heyuanrongxin Investment Center (Limited Partnership) ("Zhuhai Heyuanrongxin")	Zhuhai, The PRC	Zhuhai, The PRC	Investment consulting/asset management	201,000	99.5%	Equity Purchase

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 June 2017

(All amounts expressed in RMB thousand unless otherwise specified)

6. SUBSIDIARIES *(Continued)*

(a) The Company's incorporated subsidiaries as at 30 June 2017 are as follows *(Continued)*:

- (a) On 7 July 2016, the Company set up Zhong An Information, whose registered capital is RMB500,000,000. The Company holds 100% of the voting rights in Zhong An Information.
- (b) On 28 October 2016, Zhong An Information acquired Hangzhou Qihui at a price of RMB1,200,000. The difference between fair value of net identifiable assets of Hangzhou Qihui and the acquisition price has been recognised as goodwill in the consolidated statements of financial position, amounting to RMB1,046,758.
- (c) On 18 November 2016, Zhong An Information set up Shanghai Yuan Bao, whose registered capital is RMB10,000,000. After this transaction, Zhong An Information holds 60% of the voting rights of Shanghai Yuan Bao.
- (d) On 8 February 2017, Zhong An Information set up Beijing Youwozai, whose registered capital is RMB1,000,000. After this transaction, Zhong An Information holds 60% of the voting rights of Beijing Youwozai.
- (e) On 18 April 2017, Zhong An Information subscribed 99.5% equity of Zhuhai Heyuanrongxin by RMB200 million pursuant to the limited partnership agreement with Zhuhai Hetaijiuying Investment Management Co., Ltd.

(b) As at 30 June 2017, consolidated structured entities material to the Group are as followings:

Name	Holding by the Company (%)	Total Subscription (RMB'000)	Principal activities
Zhong An Le Xiang No.1 Asset Management Plan (Zhong An Le Xiang No.1)	100%	5,325,710	Asset Management Product
Zhong An Zhong Yin No.1 Asset Management Plan (Zhong An Zhong Yin No.1)	100%	30,000	Asset Management Product
Zhong An Zhong Yin No.2 Asset Management Plan (Zhong An Zhong Yin No.2)	100%	126,437	Asset Management Product
Zhong An Zhong Yin No.3 Asset Management Plan (Zhong An Zhong Yin No.3)	100%	1,404	Asset Management Product
Zhong An Insurance Investment Product of Aviation Comprehensive Insurance (one year) Asset Management Plan (China Merchants Fund Asset Management Plan)	100%	30,109	Asset Management Product

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 June 2017

(All amounts expressed in RMB thousand unless otherwise specified)

7. NET PREMIUMS EARNED

	Six months ended 30 June	
	2017	2016
Gross written premiums	2,491,863	1,351,934
– Short-term life insurance written premiums	1,055,160	439,475
– Property and casualty insurance written premiums	1,436,703	912,459
Less: Premiums ceded to reinsurers	(93,423)	(5,818)
Net written premiums	2,398,440	1,346,116
Less: Net change in unearned premium reserves	(437,602)	(42,919)
Net premiums earned	1,960,838	1,303,197

8. NET INVESTMENT INCOME

	Six months ended 30 June	
	2017	2016
Interest income		
– Bank deposits	9,583	10,698
– Bond investments	68,652	67,516
– Securities purchased under agreements to resell	2,347	5,555
– Trust investment	52,417	42,673
Dividend income		
– Fund investment	97,009	10,437
– Equity investment	13,321	1,204
Realized gain/(loss), net	43,194	(233,865)
	286,523	(95,782)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 June 2017

(All amounts expressed in RMB thousand unless otherwise specified)

9. NET FAIR VALUE CHANGES THROUGH PROFIT OR LOSS

	Six months ended 30 June	
	2017	2016
Financial assets designated at fair value through profit or loss		
- Equity investments	(31,011)	(48,827)
- Fund investments	130	(10)
- Debt investments	(837)	(912)
- Wealth management products	23	5
	(31,695)	(49,744)

10. NET CLAIMS INCURRED

	Six months ended 30 June	
	2017	2016
Insurance claims paid	870,840	562,381
- Short-term life insurance claims paid	117,957	37,887
- Property and casualty insurance claims paid	752,883	524,494
Less: Claims paid ceded to reinsurers	(5,145)	(5,182)
Net claims paid	865,695	557,199
Add: Net change in insurance contract liabilities	168,999	(23,531)
	1,034,694	533,668

11. HANDLING CHARGES AND COMMISSIONS

	Six months ended 30 June	
	2017	2016
Handling charges and commissions before reinsurance arrangement	277,575	118,869
Less: Reinsurance expense recovered	(8,966)	(404)
Handling charges and commissions	268,609	118,465

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 June 2017

(All amounts expressed in RMB thousand unless otherwise specified)

12. INCOME TAX EXPENSE

(a) Income tax expense

	Six months ended 30 June	
	2017	2016
Deferred income tax (note 26)	(20,064)	(34,292)

(b) Reconciliation of tax expense

A reconciliation of the tax expense applicable to profit before income tax using the PRC statutory income tax rate of 25% to the tax expense at the Group's effective tax rate is as follows:

	Six months ended 30 June	
	2017	2016
Loss before income tax	(306,841)	(262,555)
Tax computed at the statutory tax rate	(76,710)	(65,639)
Adjustments to income tax in respect of previous periods	(9,074)	—
Income not subject to tax	(23,934)	(40)
Expenses not deductible for tax	440	220
Tax losses for which no deferred tax asset was recognised	89,214	31,167
Income tax expense at the Group's effective rate	(20,064)	(34,292)

13. OTHER COMPREHENSIVE LOSS

	Six months ended 30 June	
	2017	2016
Available-for-sale financial assets		
Fair value change on available-for-sale financial assets	1,776	4,345
Reclassification adjustments for amounts transferred to profit or loss	(19,587)	(24,472)
Income tax relating to available-for-sale financial assets	4,453	5,032
Other comprehensive loss	(13,358)	(15,095)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 June 2017

(All amounts expressed in RMB thousand unless otherwise specified)

14. LOSS PER SHARE

Basic loss per share is calculated by dividing net loss for the period by the weighted average number of shares in issue during the period. Diluted loss per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential shares.

The calculation of earnings per share is based on the following:

	Six months ended 30 June	
	2017	2016
Net loss for the period	(286,777)	(228,263)
Weighted average number of shares in issue	1,240,625	1,240,625
Basic loss per share (RMB yuan)	(0.23)	(0.18)
Diluted loss per share (RMB yuan)	(0.23)	(0.18)

The Company had no dilutive potential shares as at 30 June 2017 and 2016.

15. CASH AND CASH EQUIVALENTS

	30 June 2017	31 December 2016
Time deposits with original maturity of no more than three months	527,053	1,034,881
Other monetary assets (a)	173,116	118,363
	700,169	1,153,244

(a) Other monetary assets refer to funds deposited by the Group for daily business operations and investment activities.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 June 2017

(All amounts expressed in RMB thousand unless otherwise specified)

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

All the Group's financial assets at fair value through profit or loss are as follows:

	30 June 2017	31 December 2016
Listed		
– Equity investments	1,620,050	1,491,395
– Debt investments	23,955	26,835
– Fund investments	1,571	9,833
Unlisted		
– Fund investments	754,347	7,959
– Wealth management products	—	63,208
	2,399,923	1,599,230

Changes in fair values of financial assets at fair value through profit or loss are recorded in 'Net fair value changes through profit or loss' in the interim condensed consolidated statement of comprehensive income.

17. SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL

	30 June 2017	31 December 2016
Securities - bonds		
– Traded in stock exchange	7,300	302,300

18. INTEREST RECEIVABLES

	30 June 2017	31 December 2016
Interest receivables from bank deposits	42,288	36,167
Interest receivables from debt investments	52,531	80,280
Interest receivables from trust investment scheme	10,082	20,388
Interest receivables from securities purchased under agreements to resell	5	6
	104,906	136,841

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 June 2017

(All amounts expressed in RMB thousand unless otherwise specified)

19. PREMIUM RECEIVABLES

	30 June 2017	31 December 2016
Premium receivables	236,027	174,447
Provision for impairment of premium receivables	—	(166)
	236,027	174,281

20. REINSURANCE DEBTORS

	30 June 2017	31 December 2016
Reinsurance debtors	16,327	10,838
Provision for impairment of reinsurance debtors	—	—
	16,327	10,838

21. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets are stated at fair value and comprise the following:

	30 June 2017	31 December 2016
Listed		
– Debt investments	642,170	903,251
– Fund investments	—	80
Unlisted		
– Debt investments	1,635,311	2,339,230
– Fund investments	49,199	402,699
– Wealth management products	395,257	—
– Unlisted equity investments	25,000	25,000
	2,746,937	3,670,260

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 June 2017
(All amounts expressed in RMB thousand unless otherwise specified)

22. INVESTMENTS CLASSIFIED AS LOANS AND RECEIVABLES

	30 June 2017	31 December 2016
Trust investment scheme	969,824	845,266
Wealth management products	1,157,970	862,382
	2,127,794	1,707,648

As at 30 June 2017, the underlying loan assets of the trust investment schemes were neither pass due nor impaired. After considering the creditability of each of the counterparties and the collateral or guarantee obtained, no impairment was provided for such loan assets.

23. RESTRICTED STATUTORY DEPOSITS

	30 June 2017	31 December 2016
At the beginning of the period	248,125	248,125
Addition	—	—
At the end of the period	248,125	248,125

In accordance with relevant provision of Insurance Law of the PRC, the Company should place 20% of its share capital as restricted statutory deposits, respectively.

	As at 30 June 2017		
	Amount	Storage	Period
China Everbright Bank	100,000	Term deposit	5 years
China Citic Bank	100,000	Term deposit	5 years
China Merchants Bank	48,125	Term deposit	3 years
Total	248,125		

	As at 31 December 2016		
	Amount	Storage	Period
China Everbright Bank	100,000	Term deposit	5 years
China Citic Bank	100,000	Term deposit	5 years
China Merchants Bank	48,125	Term deposit	3 years
Total	248,125		

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 June 2017

(All amounts expressed in RMB thousand unless otherwise specified)

24. PROPERTY AND EQUIPMENT

	Motor vehicles	Electrical equipment	Office furniture and equipment	Leasehold improvements	Total
Cost					
At 1 January 2017	3,330	22,506	3,973	40,998	70,807
Additions	—	5,872	2,213	851	8,936
Disposals	—	(8)	—	—	(8)
At 30 June 2017	3,330	28,370	6,186	41,849	79,735
Accumulated depreciation and impairment					
At 1 January 2017	(1,550)	(4,483)	(621)	(10,502)	(17,156)
Depreciation charge	(316)	(2,386)	(575)	(3,291)	(6,568)
Disposals	—	3	—	—	3
At 30 June 2017	(1,866)	(6,866)	(1,196)	(13,793)	(23,721)
Net book value					
At 30 June 2017	1,464	21,504	4,990	28,056	56,014

25. INTANGIBLE ASSETS

	Software	Chinese domain name registration	Total
Cost			
At 1 January 2017	169,593	19	169,612
Additions	60,542	—	60,542
At 30 June 2017	230,135	19	230,154
Accumulated amortization and impairment			
At 1 January 2017	(21,654)	(5)	(21,659)
Amortization	(22,789)	(1)	(22,790)
Impairment	(2,074)	—	(2,074)
At 30 June 2017	(46,517)	(6)	(46,523)
Carrying amount			
At 30 June 2017	183,618	13	183,631

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 June 2017

(All amounts expressed in RMB thousand unless otherwise specified)

26. DEFERRED INCOME TAX ASSETS AND LIABILITIES

	30 June 2017	31 December 2016
Net deferred income tax liabilities, at the beginning of period	(24,517)	(39,324)
Recognized in profit or loss	20,064	(3,643)
Recognized in other comprehensive income	4,453	18,450
Net deferred income tax assets or liabilities, at the end of period	—	(24,517)

The movement in deferred income tax assets and liabilities during the period, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	30 June 2017	31 December 2016
Deferred tax assets/(liabilities)		
Accumulated taxable losses	192,975	137,200
Insurance contract liabilities	21,065	3,944
Amortisation of intangible assets	5,612	1,720
Employee Stock Ownership Plan	9,107	8,645
Bad debt provision	519	41
Unrealized gains of structured entities	(212,628)	(147,040)
Net fair value adjustment on available-for-sale financial assets	(1,482)	(5,935)
Net fair value adjustment on financial assets carried at fair value through profit or loss	(15,168)	(23,092)
Net deferred income tax assets or liabilities	—	(24,517)
Represented by		
Deferred tax assets	229,278	151,550
Deferred tax liabilities	(229,278)	(176,067)

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. At 30 June 2017, the Group did not recognise deferred income tax assets of RMB89,214 thousand in respect of losses amounting to RMB356,856 thousand that can be carried forward against future taxable income. Losses amounting to RMB356,856 thousand as at 30 June 2017 will expire in 2022.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 June 2017

(All amounts expressed in RMB thousand unless otherwise specified)

27. OTHER ASSETS

	30 June 2017	31 December 2016
Deposits	26,678	24,931
Advanced payment	88,249	41,630
Estimate of input tax	24,701	25,156
Others	20,269	10,984
	159,897	102,701

28. SHARE CAPITAL

	30 June 2017	31 December 2016
Number of shares issued and fully paid at RMB1 yuan each	1,240,625	1,240,625

29. RESERVES

The amounts of the Group's reserves and the movements therein during the period are presented in the consolidated statement of changes in equity.

(a) Capital reserves

Capital reserves mainly represents share premium from issuance of shares.

(b) Surplus reserves

Surplus reserves consist of the statutory surplus reserve and the discretionary surplus reserve.

(i) Statutory surplus reserves (the "SSR")

According to the PRC Company Law and the articles of association of the Company, the Company is required to set aside 10% of their net profit (after offsetting the accumulated losses incurred in previous years) determined under PRC GAAP, to the SSR until the balance reaches 50% of the respective registered capital.

Subject to the approval of shareholders, the SSR may be used to offset the accumulated losses, if any, and may also be converted into capital, provided that the balance of the SSR after such capitalisation is not less than 25% of the registered capital of the Company's retained profits. Since the Company does not have net profit at its company level instead of Group level, no reserve has been retained.

(ii) Discretionary surplus reserves (the "DSR")

After making necessary appropriations to the SSR, the Company may also appropriate a portion of their net profit to the DSR upon the approval of the shareholders in general meetings.

Subject to the approval of the shareholders, the DSR may be used to offset accumulated losses, if any, and may be converted into capital.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 June 2017

(All amounts expressed in RMB thousand unless otherwise specified)

29. RESERVES (Continued)

(c) General reserves

In accordance with the relevant regulations, general reserves should be set aside to cover catastrophic losses as incurred by companies operating in the insurance business. The Company would need to make appropriations for such reserve based on their respective year end net profit determined in accordance with PRC GAAP, and based on the applicable PRC financial regulations, in the annual financial statements. Such reserve is not available for profit distribution or transfer as capital injection.

Since the Company does not have net profit, no reserve has been retained.

(d) Other reserves

The investment revaluation reserve records the fair value changes of available-for-sale financial assets. The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of the subsidiaries incorporated outside the PRC. The share-based payment reserve records the fair value of the share options of the grant date.

30. SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

	30 June 2017	31 December 2016
Securities - bonds		
- Traded in stock exchange	53,900	282,674

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 June 2017
(All amounts expressed in RMB thousand unless otherwise specified)

31. INSURANCE CONTRACT LIABILITIES

	Insurance contract liabilities	30 June 2017 Reinsurers' share of insurance contract liabilities	Net
Insurance contracts liabilities			
- Unearned premium reserves	1,072,913	(56,354)	1,016,559
- Claim reserves	371,057	(7,814)	363,243
	1,443,970	(64,168)	1,379,802
Incurred but not reported claim reserves	129,346	(7,737)	121,609

	Insurance contract liabilities	31 December 2016 Reinsurers' share of insurance contract liabilities	Net
Insurance contracts liabilities			
- Unearned premium reserves	601,256	(22,299)	578,957
- Claim reserves	196,049	(1,805)	194,244
	797,305	(24,104)	773,201
Incurred but not reported claim reserves	58,893	(1,699)	57,194

Movements of unearned premium reserves

	Insurance contract liabilities	Reinsurers' share of insurance contract liabilities	Net
At 1 January 2017	601,256	(22,299)	578,957
Premium written	2,491,863	(93,423)	2,398,440
Premium earned	(2,020,206)	59,368	(1,960,838)
At 30 June 2017	1,072,913	(56,354)	1,016,559

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 June 2017

(All amounts expressed in RMB thousand unless otherwise specified)

31. ISURANCE CONTRACT LIABILITIES *(Continued)*

Movements of claim reserves

	Insurance contract liabilities	Reinsurers' share of insurance contract liabilities	Net
At 1 January 2017	196,049	(1,805)	194,244
Claims incurred	1,045,848	(11,154)	1,034,694
Claims paid	(870,840)	5,145	(865,695)
At 30 June 2017	371,057	(7,814)	363,243

32. INVESTMENT CONTRACT LIABILITIES

At 1 January 2017	573,069
Deposits received	77,794
Deposits withdrawn	(575,589)
Investment income	(4,596)
Fees deducted	(270)
At 30 June 2017	70,408

33. OTHER LIABILITIES

	30 June 2017	31 December 2016
Service charge payable	286,162	390,488
Salary and staff welfare payable	52,959	40,412
Tax payable other than income tax	24,618	58,180
Insurance guarantee fund	13,654	13,841
Commission and brokerage payable	58,517	39,196
Claims payable	40,571	14,824
Rental payable	4,914	7,338
Insurance business supervision fees	1,661	—
Deferred income	4,350	4,665
Deposit payable	44,873	80,766
Others	226,828	50,158
	759,107	699,868

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 June 2017

(All amounts expressed in RMB thousand unless otherwise specified)

34. NOTE TO CONSOLIDATED CASH FLOW STATEMENT

Reconciliation from loss before income tax to cash generated from/(used in) operating activities:

	Six months ended 30 June	
	2017	2016
Loss before tax	(306,841)	(262,555)
Provisions for asset impairment	2,074	—
Investment income	(286,523)	95,782
Net fair value changes through profit or loss	31,695	49,744
Depreciation of property and equipment	6,568	3,141
Amortization of intangible assets	22,790	5,582
Exchange gain or loss	38	(2)
Finance costs	1,511	179
Expense recognized for share-based payments	1,847	3,806
Decrease/increase in premium receivables	(61,746)	16,401
Increase in reinsurance assets	(5,489)	(3,604)
Amortisation of deferred income	(316)	(222)
Change in insurance contract liabilities	606,601	19,388
(Increase) in other operating receivables	(54,868)	(47,577)
Decrease/(Increase) in other operating liabilities	(368,631)	922,180
Cash (used in)/generated from operating activities	(411,290)	802,243

35. RELATED PARTY TRANSACTIONS

The Company's directors were of the view that Ant Small and Micro Financial Services Group Co. Ltd. ("Ant Financial"), Ping An Insurance (Group) Co. of China Ltd. ("Ping An Insurance"), Tencent Holdings Limited ("Tencent"), Ctrip.com International Ltd. ("Ctrip") and their subsidiaries and key management personnel were considered as related parties of the Group. Alibaba Group Holdings Limited ("Alibaba") and its subsidiaries were also considered as related parties of the Group given the relationship between Alibaba and Ant Financial Services.

Transactions with key management personnel and the the entity controlled or jointly controlled by a person identified as key management personnel("key management personnel")have been disclosed in Note 35 below. The Group's transaction with related parties are conducted under the ordinary course of business.

Ctrip and its subsidiaries are no longer considered as related party since 2017.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 June 2017
(All amounts expressed in RMB thousand unless otherwise specified)

35. RELATED PARTY TRANSACTIONS *(Continued)*

(a) Sale of insurance contracts to related parties

	Six months ended 30 June	
	2017	2016
Ant Financial and its subsidiaries	4,856	62,205
Alibaba and its subsidiaries	2,357	2,761
Tencent and its subsidiaries	4,676	5,754
Key Management personnel	7,705	177
	19,594	70,897

(b) Technical service fees paid to related parties:

	Six months ended 30 June	
	2017	2016
Ant Financial and its subsidiaries	195,195	169,697
Ctrip and its subsidiaries	—	197,647
Tencent and its subsidiaries	356	—
	195,551	367,344

(c) Commission fees paid to related parties

	Six months ended 30 June	
	2017	2016
Ctrip and its subsidiaries	—	74,689

(d) Guarantee fee paid to related parties

	Six months ended 30 June	
	2017	2016
Ant Financial and its subsidiaries	2,135	5,556

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 June 2017

(All amounts expressed in RMB thousand unless otherwise specified)

35. RELATED PARTY TRANSACTIONS *(Continued)*

(e) Purchase of goods and services fee paid to related parties

	Six months ended 30 June	
	2017	2016
Ant Financial and its subsidiaries	5,492	—
	5,492	—

(f) Claim of insurance contracts to related parties

	Six months ended 30 June	
	2017	2016
Ant Financial and its subsidiaries	56	25,761
Alibaba and its subsidiaries	3,714	5,487
Tencent and its subsidiaries	1,746	960
Key Management personnel	5	2
	5,521	32,210

(g) Cloud rental fee paid to related parties

	Six months ended 30 June	
	2017	2016
Alibaba Cloud Computing Company Limited	19,275	12,426

(h) Advisory income charged from related parties

	Six months ended 30 June	
	2017	2016
Ping An Insurance and its subsidiaries(a)	11,628	—

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 June 2017

(All amounts expressed in RMB thousand unless otherwise specified)

35. RELATED PARTY TRANSACTIONS *(Continued)*

(i) Asset management fees paid or payable to related parties

	Six months ended 30 June	
	2017	2016
Ping An Insurance and its subsidiaries	9,211	8,812

(j) Period end balances of other payables arising from related parties transactions

	30 June 2017	31 December 2016
Ant Financial and its subsidiaries	123,961	289,772
Alibaba and its subsidiaries	7,319	7,150
Ctrip and its subsidiaries	—	40,857
Key Management personnel	—	30
	131,280	337,809

(k) Period end balances of premiums receivables arising from related parties transactions

	30 June 2017	31 December 2016
Ant Financial and its subsidiaries	1,707	—
Alibaba and its subsidiaries	11	—
Ctrip and its subsidiaries	—	44,716
Tencent and its subsidiaries	5,688	—
Key Management personnel	7,393	—
	14,799	44,716

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 June 2017
(All amounts expressed in RMB thousand unless otherwise specified)

35. RELATED PARTY TRANSACTIONS *(Continued)*

(l) Period end balances of commissions payable arising from related parties transactions

	30 June 2017	31 December 2016
Ctrip and its subsidiaries	—	8,937

(m) Period end balances of advanced payable arising from related parties transactions

	30 June 2017	31 December 2016
Ant Financial and its subsidiaries	1,658	—

(n) Period end balances of other receivables arising from related parties transactions

	30 June 2017	31 December 2016
Ping An Insurance and its subsidiaries	12,326	—

(o) Compensation of key management personnel

The compensations paid or payable to key management personnel are shown below:

	Six months ended 30 June	
	2017	2016
Wages, salaries and bonuses	5,706	5,488
Pension costs – defined contribution plans	216	251
Other social security costs, housing benefits and other employee benefits	201	252
Share-based payments	1,318	2,685
	7,441	8,676

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 June 2017

(All amounts expressed in RMB thousand unless otherwise specified)

36. CONTINGENT LIABILITIES

Owing to the nature of the insurance business, the Group is involved in the making of estimates for contingencies and legal proceedings in the ordinary course of business, both in the capacity as plaintiff or defendant in litigation and arbitration. Legal proceedings mostly involve claims on the Group's insurance products. Provision has been made for the probable losses to the Group, including those claims where directors can reasonably estimate the outcome of the litigations taking into account the related legal advice, if any. No provision is made for contingencies and legal proceedings when the result cannot be reasonably estimated or the probability of loss is so low.

In addition to the above legal proceedings, as at 30 June 2017, the Group has no major pending litigation as the defendant.

37. COMMITMENTS

Operating lease commitments

We lease our office spaces from third parties under non-cancellable operating leases. The following table below sets forth our future minimum lease payments under irrevocable rental contracts as of the dates indicated:

	30 June 2017	31 December 2016
Within 1 year (including 1 year)	80,251	75,695
1 to 2 years (including 2 years)	57,775	63,516
2 to 3 years (including 3 years)	46,675	47,589
Over 3 years	152,663	171,140
	337,364	357,940

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 June 2017

(All amounts expressed in RMB thousand unless otherwise specified)

38. MATURITY PROFILE OF FINANCIAL INSTRUMENTS

The tables below summarize the maturity profiles of the financial assets and financial liabilities of the Group based on remaining undiscounted cash flows, and insurance contract liabilities of the Group based on the estimated timing of the net cash outflows.

	As at 30 June 2017					Total
	On demand	Within 1 year	1 to 5 years	Over 5 years	Undated	
Assets:						
Cash and short-term time deposits	700,169	—	—	—	—	700,169
Financial assets at fair value through profit or loss	—	1,333	27,263	4,605	2,375,968	2,409,169
Securities purchased under agreements to resell	—	7,300	—	—	—	7,300
Premium receivables	—	152,836	83,191	—	—	236,027
Reinsurance debtors	—	16,327	—	—	—	16,327
Available-for-sale financial assets	—	1,501,989	1,459,848	96,520	469,456	3,527,813
Investments classified as loans and receivables	—	1,026,928	996,677	419,825	—	2,443,430
Restricted statutory deposits	—	—	306,475	—	—	306,475
Other assets	—	12,353	26,678	—	—	39,031
Total	700,169	2,719,066	2,900,132	520,950	2,845,424	9,685,741
Liabilities:						
Securities sold under agreements to repurchase	—	53,900	—	—	—	53,900
Investment contract liabilities	—	—	70,408	—	—	70,408
Reinsurance payables	—	116,055	—	—	—	116,055
Policyholders' deposits	—	112	—	—	—	112
Other liabilities	—	632,307	—	—	44,873	677,180
Total	—	802,374	70,408	—	44,873	917,655

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 June 2017

(All amounts expressed in RMB thousand unless otherwise specified)

38. MATURITY PROFILE OF FINANCIAL INSTRUMENTS *(Continued)*

	As at 31 December 2016					Total
	On demand	Within 1 year	1 to 5 years	Over 5 years	Undated	
Assets:						
Cash and short-term time deposits	1,123,244	30,116	—	—	—	1,153,360
Financial assets at fair value through profit or loss	—	3,077	26,495	4,913	1,572,395	1,606,880
Securities purchased under agreements to resell	—	302,300	—	—	—	302,300
Premium receivables	—	112,961	61,486	—	—	174,447
Reinsurance debtors	—	10,838	—	—	—	10,838
Available-for-sale financial assets	—	1,256,632	2,092,704	384,033	427,779	4,161,148
Investments classified as loans and receivables	—	419,699	1,201,376	429,800	—	2,050,875
Restricted statutory deposits	—	—	306,475	—	—	306,475
Other assets	—	4,528	24,931	—	—	29,459
Total	1,123,244	2,140,151	3,713,467	818,746	2,000,174	9,795,782
Liabilities:						
Securities sold under agreements to repurchase	—	282,674	—	—	—	282,674
Investment contract liabilities	—	—	573,069	—	—	573,069
Reinsurance payables	—	33,999	—	—	—	33,999
Policyholders' deposits	—	211	—	—	—	211
Other liabilities	—	515,843	—	—	80,766	596,609
Total	—	832,727	573,069	—	80,766	1,486,562

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 June 2017

(All amounts expressed in RMB thousand unless otherwise specified)

39. FAIR VALUE MEASUREMENT

Fair value estimates are made at a specific point in time based on relevant market information and information about financial instruments. When an active market exists, such as an authorized securities exchange, the market value is the best reflection of the fair values of financial instruments. For financial instruments where there is no active market, fair value is determined using valuation techniques.

The Group's financial assets mainly include cash and short-term time deposits, financial assets at fair value through profit or loss, available-for-sale financial assets, statutory deposits, and etc.

Determination of fair value and fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchies. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The levels of the fair value hierarchy are as follows:

- (a) Fair value is based on quoted prices (unadjusted) in active markets for identical assets or liabilities ("Level 1");
- (b) Fair value is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) ("Level 2"); and
- (c) Fair value is based on inputs for the asset or liability that are not based on observable market data (unobservable inputs) ("Level 3").

The level of fair value calculation is determined by the lowest level input with material significant in the overall calculation. As such, the significance of the input should be considered from an overall perspective in the calculation of fair value.

For Level 2 financial instruments, valuations are generally obtained from third party pricing services for identical or comparable assets, or through the use of valuation methodologies using observable market inputs, or recent quoted market prices. Valuation service providers typically gather, analyze and interpret information related to market transactions and other key valuation model inputs from multiple sources, and through the use of widely accepted internal valuation models, provide a theoretical quote on various securities. Debt securities traded among Chinese interbank market are classified as Level 2 when they are valued at recent quoted price from Chinese interbank market or from valuation service providers. Substantially most financial instruments classified within Level 2 of the fair value hierarchy are debt investments denominated in RMB. Fair value of debt investments denominated in RMB is determined based upon the valuation results by the China Central Depository & Clearing Co., Ltd. All significant inputs are observable in the market.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 June 2017

(All amounts expressed in RMB thousand unless otherwise specified)

39. FAIR VALUE MEASUREMENT *(Continued)*

Determination of fair value and fair value hierarchy *(Continued)*

For Level 3 financial instruments, prices are determined using valuation methodologies such as discounted cash flow models and other similar techniques. Determinations to classify fair value measures within Level 3 of the valuation hierarchy are generally based on the significance of the unobservable factors to the overall fair value measurement, and valuation methodologies such as discounted cash flow models and other similar techniques. The Group's valuation team may choose to apply internally developed valuation method to the assets or liabilities being measured, determine the main inputs for valuation, and analyse the change of the valuation and report it to management. Key inputs involved in internal valuation services are not based on observable market data. They reflect assumptions made by management based on judgements and experiences.

For assets and liabilities that are recognized at fair value on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The following tables provide the fair value measurement hierarchy of the Group's financial assets and liabilities:

	As at 30 June 2017			Total
	Level 1	Level 2	Level 3	
Assets measured at fair value				
Financial assets at fair value through profit or loss				
– Equity investments	1,620,050	—	—	1,620,050
– Fund investments	755,918	—	—	755,918
– Debt investments	23,955	—	—	23,955
Available-for-sale financial assets			—	
– Fund investments	49,199	—	—	49,199
– Debt investments	642,170	1,635,311	—	2,277,481
– Wealth management products	—	395,257	—	395,257
	3,091,292	2,030,568	—	5,121,860
Assets for which fair values are disclosed				
Investments classified as loans and receivables	—	—	2,127,794	2,127,794

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

As at 30 June 2017

(All amounts expressed in RMB thousand unless otherwise specified)

39. FAIR VALUE MEASUREMENT *(Continued)*

Determination of fair value and fair value hierarchy *(Continued)*

	As at 31 December 2016			Total
	Level 1	Level 2	Level 3	
Assets measured at fair value				
Financial assets at fair value through profit or loss				
- Equity investments	1,491,395	—	—	1,491,395
- Fund investments	17,792	—	—	17,792
- Debt investments	26,835	—	—	26,835
- Wealth management products	—	63,208	—	63,208
Available-for-sale financial assets				
- Fund investments	402,779	—	—	402,779
- Debt investments	903,251	2,339,230	—	3,242,481
	2,842,052	2,402,438	—	5,244,490
Assets for which fair values are disclosed				
Investments classified as loans and receivables				
	—	—	1,707,648	1,707,648

Valuation techniques

The fair value of the unquoted debt investments is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities, with appropriate adjustment where applicable.

40. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial information have been approved and authorized for issue by the directors of the Company on 18 September 2017.

DEFINITIONS

"Ant Financial"	Ant Small and Micro Financial Services Group Co., Ltd. (浙江螞蟻小微金融服務集團股份有限公司), a limited liability company incorporated in the PRC (formerly known as Zhejiang Alibaba E-Commerce Co., Ltd. (浙江阿里巴巴電子商務有限公司) and incorporated on October 19, 2000) and one of our substantial shareholders
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board" or "Board of Directors"	the Board of Directors of our Company
"CG Code"	the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Listing Rules
"China Telecom"	China Telecommunications Corporation Ltd (中國電信集團公司), a telecommunications company incorporated in the PRC and listed on the New York Stock Exchange (NYSE: CHA) and the Hong Kong Stock Exchange (SEHK: 0728)
"CIRC"	China Insurance Regulatory Commission (中國保險監督管理委員會)
"Company", "Our Company", "we" or "us"	ZhongAn Online P & C Insurance Co., Ltd. (眾安在綫財產保險股份有限公司), a joint stock limited company with limited liability incorporated in the PRC on October 9, 2013
"Ctrip"	Ctrip.com International Ltd., an online travel agency incorporated in the Cayman Islands and listed on the Nasdaq Global Select Market (NASDAQ: CTRP)
"Director(s)"	the director(s) of our Company
"Domestic Shares"	ordinary shares issued by the Company, with a nominal value of RMB1, which are subscribed for or credited as paid in RMB
"Global Offering"	has the meaning ascribed to it in the Prospectus
"Group", "we", "our" or "us"	the Company and its subsidiaries, or where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries, such subsidiaries could be viewed as if they were the subsidiaries of the Company at the time
"H Shares"	the overseas listed foreign invested ordinary shares in the ordinary share capital of the Company, with a nominal value of RMB1 each, which are to be subscribed for and traded in Hong Kong dollars, and a "H Share" means any of them

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars”	the lawful currency of Hong Kong
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Latest Practicable Date”	September 25, 2017
“Listing”	the listing of the H shares on the Main Board of the Hong Kong Stock Exchange
“Listing Date”	September 28, 2017, the date on which the H Shares are listed and from which dealings in the H Shares take place on the Main Board of the Hong Kong Stock Exchange
“Listing Rules”	the Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
“Mogujie”	an e-commerce platform targeting female consumers
“Omron”	Omron Corporation, a company incorporated in Japan
“Over-allotment Option”	has the meaning ascribed to it in the Prospectus
“Ping An Insurance”	Ping An Insurance (Group) Co. of China, Ltd. (中國平安保險(集團)股份有限公司), a joint stock limited company incorporated in the PRC on March 21, 1988 listed on the Main Board of the Hong Kong Stock Exchange (SEHK: 02318) and the Shanghai Stock Exchange (SSE: 601318), and one of our substantial shareholders
“PRC” or “China”	the People’s Republic of China, but for the purposes of this interim report only, except where the context requires, references in this interim report to the PRC or China exclude Hong Kong, Macau and Taiwan
“PRC EIT Law”	the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅) adopted by the Tenth National People’s Congress on March 16, 2007 and effective on January 1, 2008
“Prospectus”	the prospectus of the Company dated September 18, 2017
“RMB” or “Renminbi”	the lawful currency of PRC
“Reporting Period”	the six months ended June 30, 2017
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time

DEFINITIONS

“Share(s)”	the shares in the share capital of our Company with a nominal value of RMB1 each
“Shareholder(s)”	the holders of the Shares
“Taobao Marketplace”	an e-commerce platform of Alibaba
“We Doctor”	We Doctor Group Ltd. (微醫集團有限公司), a company incorporated in the PRC
“Weidian”	Weidian (微店), a mobile e-commerce platform operated by Beijing Koudai Fashion Technology Co., Ltd. (北京口袋時尚科技有限公司)
“Xiaomi”	Xiaomi Inc. (北京小米科技有限責任公司), a company incorporated in the PRC
“Xiaoying”	Shenzhen Yingzhongtong Financial Information Service Co., Ltd. (深圳市贏眾通金融信息服務股份有限公司), a company incorporated in the PRC
“Zhaocaibao”	Shanghai Zhaocaibao Financial Information Service Co., Ltd. (上海招財寶金融信息服務有限公司), a company incorporated in the PRC
“ZhongAn Technology”	ZhongAn Information and Technology Services Co., Ltd. (眾安信息技術服務有限公司), a wholly-owned subsidiary of our Company, incorporated in the PRC on July 7, 2016
“%”	per cent

"big data analytics"	the use of advanced analytic techniques against very large, diverse data sets to uncover hidden patterns, unknown correlations, market trends, customer preferences and other useful information that can help organizations make more-informed business decisions
"cede"	the transfer of all or part of a risk written by an insurer to a reinsurer
"claim"	an occurrence that is the basis for submission and/or payment of a benefit under an insurance policy. Depending on the terms of the insurance policy, a claim may be covered, limited or excluded from coverage
"commission"	a fee paid to an agent or broker by an insurance company for services rendered in connection with the sale or maintenance of an insurance product
"customer"	unless otherwise indicated, the insured under our insurance policies. The number of our customers was calculated based on unique identifiers and contact information available to us
"gross written premiums" or "GWP"	total premiums (whether or not earned) for insurance contracts written or assumed during a specific period, without deduction for premiums ceded
"handling charges and commissions"	fees paid to insurance agents for the distribution of our products
"insured"	the insured person as specified in the insurance product
"Insuretech"	use of technology innovations designed to achieve savings and efficiency from the traditional insurance industry model
"net investment income"	the sum of interest income, dividend income and realized gains or losses on securities through profit or loss and available-for-sale securities
"net premiums earned"	net written premiums less net change in unearned premium reserves during a period
"premium"	payment and consideration received on insurance policies issued or reissued by an insurance company
"reinsurance"	the practice whereby a reinsurer, in consideration of a premiums paid to it, agrees to indemnify another party for part or all of the liabilities assumed by the reinsured party under an insurance contract, which the reinsured party has issued
"reserves"	liability established to provide for future payments of claims and benefits to policyholders net of liability ceded to reinsurance companies
"unearned premium reserves"	portions of written premiums relating to unexpired risk of insurance coverage